

SENATE BILL

No. 6

Introduced by Senator Burton and Bowen

(Principal coauthors: Assembly Members Florez, Goldberg, and Shelley)

(Coauthors: Senators Karnette, Kuehl, and Scott)

(Coauthors: Assembly Members Aroner, Cedillo, Firebaugh, Frommer, Keeley, Papan, Romero, Steinberg, Thomson, and Wiggins)

January 18, 2001

An act to add Division 1.5 (commencing with Section 3300) to the Public Utilities Code, relating to electrical power.

LEGISLATIVE COUNSEL'S DIGEST

SB 6, as introduced, Burton. California Consumer Power and Conservation Financing Authority.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and other specified entities.

The Warren-Alquist State Energy Resources Conservation and Development Act requires the State Energy Resources Conservation and Development Commission (Energy Commission) to certify sufficient sites and related facilities that are required to provide a supply of electric power sufficient to accommodate projected demand for power statewide. The Energy Commission administers existing law with respect to energy conservation.

This bill would create the California Consumer Power and Conservation Financing Authority, with powers and responsibilities as prescribed, including the issuance of bonds, for the purposes of augmenting electric generating facilities and to ensure a sufficient and

reliable supply of electricity, financing incentives for investment in cost-effective energy-efficient appliances and energy demand reduction, achieving a specified energy capacity reserve level, providing financing for the retrofit of inefficient electric powerplants, renewable energy and conservation, and, where appropriate, developing strategies for the authority to facilitate a dependable supply of natural gas at reasonable prices to the public. The bill would create in the State Treasury the California Consumer Power and Conservation Financing Authority Fund, and all money in the fund, upon appropriation, would be available for the support of the authority.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Division 1.5 (commencing with Section 3300)
 2 is added to the Public Utilities Code, to read:

3

4 DIVISION 1.5. CALIFORNIA CONSUMER POWER AND
 5 CONSERVATION FINANCING AUTHORITY ACT

6

7 CHAPTER 1. GENERAL PROVISIONS AND DEFINITIONS

8

9 3300. The Legislature finds and declares that in order to
 10 furnish the citizens of California with reliable, affordable
 11 electrical power, to ensure sufficient power reserves, to assure
 12 stability and rationality in California’s electricity market, to
 13 encourage energy efficiency and conservation as well as the use of
 14 renewable energy resources, and to protect the public health,
 15 welfare, and safety, the state needs to finance, purchase, lease,
 16 own, operate, acquire, or otherwise provide financial assistance
 17 for public and private facilities for the generation and transmission
 18 of electricity and for renewable energy, energy efficiency, and
 19 conservation programs.

20 3301. This division shall be known and may be cited as the
 21 California Consumer Power and Conservation Financing
 22 Authority Act.

23 3302. As used in this division, unless the context otherwise
 24 requires, the following terms have the following meanings:



1 (a) “Act” means the California Consumer Power and
2 Conservation Financing Authority Act.

3 (b) “Authority” means the California Consumer Power and
4 Conservation Financing Authority established pursuant to Section
5 3320 and any board, commission, department, or officer
6 succeeding to the functions thereof, or to whom the powers
7 conferred upon the authority by this division shall be given by law.

8 (c) “Board” means the Board of Directors of the California
9 Consumer Power and Conservation Financing Authority.

10 (d) “Bond purchase agreement” means a contractual
11 agreement executed between the authority and a participating
12 party, or a special purpose trust authorized by the authority or a
13 participating party, or both, whereby the authority or special
14 purpose trust authorized by the authority agrees to purchase bonds
15 of the participating party for retention or sale.

16 (e) “Bonds” means bonds, including structured, senior, and
17 subordinated bonds or other securities; loans; notes, including
18 bond revenue, tax or grant anticipation notes; commercial paper;
19 floating rate and variable maturity securities; and any other
20 evidences of indebtedness or ownership, including certificates of
21 participation or beneficial interest, asset backed certificates, or
22 lease-purchase or installment purchase agreements, whether
23 taxable or excludable from gross income for state and federal
24 income taxation purposes.

25 (f) “Commission” means the Public Utilities Commission.

26 (g) “Cost,” as applied to a program, project or portion thereof
27 financed under this division, means all or any part of the cost of
28 construction, renovation, and acquisition of all lands, structures,
29 real or personal property, rights, rights-of-way, franchises,
30 licenses, easements, and interests acquired or used for a project;
31 the cost of demolishing or removing any buildings or structures on
32 land so acquired, including the cost of acquiring any lands to which
33 the buildings or structures may be moved; the cost of all
34 machinery, equipment, and financing charges; interest prior to,
35 during, and for a period after, completion of construction,
36 renovation, or acquisition, as determined by the authority;
37 provisions for working capital; reserves for principal and interest
38 and for extension, enlargements, additions, replacements,
39 renovations, and improvements; and the cost of architectural,
40 engineering, financial and legal services, plans, specifications,



1 estimates, administrative expenses, and other expenses necessary
2 or incidental to determining the feasibility of any project or
3 incidental to the construction, acquisition, or financing of any
4 project.

5 (h) “Electrical corporation” has the same meaning as that term
6 is defined in Section 218.

7 (i) “Energy Commission” means the State Energy Resources
8 Conservation and Development Commission.

9 (j) “Financial assistance” in connection with a project,
10 includes, but is not limited to, any combination of grants, loans, the
11 proceeds of bonds issued by the authority or a special purpose
12 trust, insurance, guarantees or other credit enhancements or
13 liquidity facilities, and contributions of money, property, labor, or
14 other things of value, as may be approved by resolution of the
15 board or the participating party, or both; the purchase or retention
16 of authority bonds, the bonds of a participating party for their
17 retention or for sale by the authority, or the issuance of authority
18 bonds or the bonds of a special purpose trust used to fund the cost
19 of a project for which a participating party is directly or indirectly
20 liable, including, but not limited to, bonds, the security for which
21 is provided in whole or in part pursuant to the powers granted by
22 this division; bonds for which the authority has provided a
23 guarantee or enhancement, including, but not limited to, the
24 purchase of the subordinated bonds of the participating party, the
25 subordinated bonds of a special purpose trust, or the retention of
26 the subordinated bonds of the authority pursuant to this division;
27 or any other type of assistance deemed appropriate by the authority
28 or the participating party.

29 (k) “Fund” means the California Consumer Power and
30 Conservation Financing Authority Fund.

31 (l) “Loan agreement” means a contractual agreement executed
32 between the authority or a special purpose trust and a participating
33 party that provides that the authority or special purpose trust will
34 loan funds to the participating party and that the participating party
35 will repay the principal and pay the interest and redemption
36 premium, if any, on the loan.

37 (m) “Local publicly owned electric utility” has the same
38 meaning as that term is defined in Section 9604.

39 (n) “Participating party” means either of the following:



1 (1) Any person, company, corporation, partnership, firm, or
2 other entity or group of entities, whether organized for profit or not
3 for profit, engaged in business or operations within the state and
4 that applies for financial assistance from the authority for the
5 purpose of implementing a project.

6 (2) Any subdivision of the state or local government, including
7 departments, agencies, commissions, cities, counties, nonprofit
8 corporations, special districts, assessment districts, and joint
9 powers authorities within the state or any combination of these
10 subdivisions, that has, or proposes to acquire, an interest in a
11 project and that makes application to the authority for financial
12 assistance in a manner prescribed by the authority.

13 (o) “Project” means plants, facilities, equipment, appliances,
14 structures, expansions, and improvements within the state that
15 serve the purposes of this division as approved by the authority,
16 and all activities and expenses necessary to initiate and complete
17 those projects.

18 (p) “Revenues” means all receipts, purchase payments, loan
19 repayments, lease payments, and all other income or receipts
20 derived by the authority or a participating party from the sale,
21 lease, or other financing arrangement undertaken by the authority,
22 a participating party, including, but not limited to, all receipts from
23 a bond purchase agreement, and any income or revenue derived
24 from the investment of any money in any fund or account of the
25 authority or a participating party.

26 (q) “Special purpose trust” means a trust, partnership, limited
27 partnership, association, corporation, nonprofit corporation, or
28 other entity authorized under the laws of the state to serve as an
29 instrumentality of the state to accomplish public purposes and
30 authorized by the authority to acquire, by purchase or otherwise,
31 for retention or sale, the bonds of a participating party or of the
32 authority made or entered into pursuant to this division and to issue
33 special purpose trust bonds or other obligations secured by these
34 bonds or other sources of public or private revenues.

35 (r) “State” means the State of California.

36 3304. Any action taken pursuant to this division is exempt
37 from the Administrative Procedure Act, as defined in Section
38 11370 of the Government Code.

39



1 CHAPTER 2. PURPOSE OF THE CALIFORNIA CONSUMER POWER
2 AND CONSERVATION FINANCING AUTHORITY

3
4 3310. The authority may only exercise its powers pursuant to
5 Article 4 (commencing with Section 3340) of Chapter 3 for the
6 following purposes:

7 (a) Establish, finance, purchase, lease, own, operate, acquire
8 generating facilities and other projects, on its own or through
9 agreements with public and private third parties or joint ventures
10 with public or private entities, or provide financial assistance for
11 projects by participating parties and generating facilities, to ensure
12 a sufficient and reliable supply of electricity for California's
13 consumers at just and reasonable rates.

14 (b) Finance incentives, administered by the Energy
15 Commission, the commission, and other approved participating
16 parties for consumers and businesses to invest in cost-effective
17 energy efficient appliances, renewable energy projects, and other
18 programs that will reduce the demand for energy in California.

19 (c) Achieve an adequate energy reserve capacity in California
20 by 2006.

21 (d) Provide financing for owners of aged, inefficient, electric
22 powerplants to perform necessary retrofits to improve the
23 efficiency and environmental performances of those powerplants.

24 (e) Acquire transmission facilities pursuant to Article 5
25 (commencing with Section 3350) of Chapter 3.

26
27 CHAPTER 3. THE CALIFORNIA CONSUMER POWER AND
28 CONSERVATION FINANCING AUTHORITY

29
30
31 Article 1. Creation of the Authority

32
33 3320. (a) There is hereby created in the state government the
34 California Consumer Power And Conservation Financing
35 Authority, which shall be responsible for administering this
36 division.

37 (b) The authority shall be under the direction of an executive
38 director, who shall be appointed by a majority of the members of
39 the board, and shall serve at the direction of the board.



1 (c) The authority shall implement the purposes of Chapter 2
2 (commencing with Section 3310), and to that end finance projects
3 and programs in accordance with this division, all to the mutual
4 benefit of the people of the state and to protect their health,
5 welfare, and safety.

6
7 Article 2. Board of Directors
8

9 3325. (a) The authority shall be governed by a
10 seven-member board of directors that shall consist of the
11 following persons:

12 (1) Two individuals appointed by the Governor, subject to
13 confirmation by the Senate. These two members shall have
14 considerable experience in power generation, conservation, and
15 financing.

16 (2) The Chair of the Energy Commission.

17 (3) The President of the commission.

18 (4) A member of the public appointed by the Senate Rules
19 Committee.

20 (5) A member of the public appointed by the Speaker of the
21 Assembly.

22 (6) The State Treasurer.

23 (b) Any appointed member of the board shall serve at the
24 pleasure of the appointing power.

25 (c) Four of the members shall constitute a quorum and the
26 affirmative vote of four board members shall be necessary for any
27 action to be taken by the board.

28 (d) Except as provided in this subdivision, the members of the
29 board shall serve without compensation, but shall be reimbursed
30 for actual and necessary expenses incurred in the performance of
31 their duties to the extent that reimbursement for these expenses is
32 not otherwise provided or payable by another public agency, and
33 shall receive one hundred dollars (\$100) for each full day of
34 attending meetings of the authority.

35 3326. (a) The members of the board shall be subject to the
36 Political Reform Act of 1974 (Title 9 (commencing with Section
37 81000)) of the Government Code, the applicable rules and
38 standards of the Municipal Securities Rulemaking Board, and all
39 other applicable provisions of law.



1 (b) The board may purchase insurance for its fiduciaries or for
 2 itself to cover liability or losses occurring by reason of the act or
 3 omission of a fiduciary, if the insurance permits recourse by the
 4 insurer against the fiduciary in the case of a breach of a fiduciary
 5 obligation by the fiduciary.

6 3327. Meetings of the board shall be open to the public and
 7 shall be conducted in accordance with the Bagley-Keene Open
 8 Meeting Act (Article 9 (commencing with Section 11120) of
 9 Chapter 1 of Part 1 of Division 3 of Title 2 of the Government
 10 Code).

11
 12 Article 3. Executive Director

13
 14 3330. The executive director shall manage and conduct the
 15 business and affairs of the authority and the fund subject to the
 16 direction of the board. Except as otherwise provided in this
 17 section, the board may assign to the executive director, by
 18 resolution, those duties generally necessary or convenient to carry
 19 out its powers and purposes under this division. Any action
 20 involving final approval of any bonds, notes, loans, or other
 21 financial assistance shall require the approval of a majority of the
 22 members of the board.

23
 24 Article 4. Powers of the Authority

25
 26 3340. The authority is authorized and empowered to do any
 27 of the following:

- 28 (a) Adopt an official seal.
- 29 (b) Sue and be sued in its own name.
- 30 (c) Adopt rules and regulations for the regulation of its affairs
 31 and the conduct of its business.
- 32 (d) Do all things generally necessary or convenient to carry out
 33 its powers and the purposes under this division.

34 3341. The board may do all of the following:

- 35 (a) Exercise the power of eminent domain.
- 36 (b) Issue bonds and authorize special purpose trusts to issue
 37 bonds to pay all or part of the cost of any project, or to otherwise
 38 carry out the purposes of this division.



1 (c) Enter into joint powers agreements with eligible public
2 agencies pursuant to Chapter 5 (commencing with Section 6500)
3 of Division 7 of Title 1 of the Government Code.

4 (d) Subject to any statutory or constitutional limitation on their
5 use, do any of the following:

6 (1) Engage the services of private consultants to render
7 professional and technical assistance and advice in carrying out the
8 purposes of this division; employ attorneys and other advisers as
9 may, in the determination of the board, be necessary in connection
10 with the issuance and sale, or authorization of special purpose
11 trusts for the issuance and sale, of any bonds.

12 (2) Contract for engineering, architectural, accounting, or
13 other services of appropriate state agencies as may, in the
14 determination of the board, be necessary for the successful
15 development of a project.

16 (3) Pay the reasonable costs of consulting engineers, architects,
17 accountants, and construction, land use and environmental experts
18 employed by any participating party if, in the determination of the
19 board, those services are necessary for the successful development
20 of a project.

21 (e) Charge and equitably apportion among participating parties
22 or other public or private entities the authority's administrative
23 costs and expenses, including operating and financing-related
24 costs incurred in the exercise of the powers and duties conferred
25 by this division.

26 (f) Acquire, take title to, and sell by installment sale or
27 otherwise, lands, structures, real or personal property, rights,
28 rights-of-way, franchises, easements, and other interests in lands
29 that are located within the state as the authority determines to be
30 necessary or convenient for the financing of the project, upon
31 terms and conditions that it considers to be reasonable.

32 (g) Make, receive, or serve as a conduit for the making of, or
33 otherwise provide for, grants, contributions, guarantees,
34 insurance, credit enhancements or liquidity of facilities, or other
35 financial enhancements to a participating party as financial
36 assistance for a project. The sources may include bond proceeds,
37 dedicated taxes, state appropriations, federal appropriations,
38 federal grants and loan funds, public and private sector retirement
39 system funds, and proceeds of loans from the Pooled Money



1 Investment Account, or any other source of money, property,
2 labor, or other things of value.

3 (h) Make loans to any participating party, either directly or by
4 making a loan to a lending institution or other financial
5 intermediary, in connection with the financing of a project in
6 accordance with an agreement between the authority and a
7 participating party, either as a sole lender or in participation with
8 other lenders.

9 (i) Make loans to any participating party, either directly or by
10 making a loan to a lending institution, in accordance with an
11 agreement between the authority and the participating party to
12 refinance indebtedness incurred by the participating party in
13 connection with projects undertaken and completed prior to any
14 agreement with the authority or expectation that the authority
15 would provide financing, either as a sole lender or in participation
16 with other lenders.

17 (j) Mortgage all or any portion of the authority's interest in a
18 project and the property on which any project is located, whether
19 owned or thereafter acquired, including the granting of a security
20 interest in any property, tangible or intangible.

21 (k) Assign or pledge all or any portion of the authority's
22 interests in assets, things of value, mortgages, deeds of trust,
23 bonds, bond purchase agreements, loan agreements, indentures of
24 mortgage or trust, or similar instruments, notes, and security
25 interests in property, tangible or intangible and the revenues
26 therefrom, of a participating party to which the authority has made
27 loans, and the revenues therefrom, including payment or income
28 from any interest owned or held by the authority, for the benefit of
29 the holders of bonds.

30 (l) Lease the project being financed to a participating party,
31 upon terms and conditions that the authority deems proper; charge
32 and collect rents therefor; terminate any lease upon the failure of
33 the lessee to comply with any of the obligations thereof; include
34 in any lease, if desired, provisions that the lessee shall have options
35 to renew the lease for a period or periods, and at rents determined
36 by the authority; purchase any or all of the project; or, upon
37 payment of all the indebtedness incurred by the authority for the
38 financing of the project, the authority may convey, any or all of the
39 project to the lessee or lessees.



1 (m) Issue, obtain, or aid in obtaining, from any department or
2 agency of the United States, from other agencies of the state, or
3 from any private company, any insurance or guarantee to, or for,
4 the payment or repayment of interest or principal, or both, or any
5 part thereof, on any loan, lease, or obligation or any instrument
6 evidencing or securing the same, made or entered into pursuant to
7 this division.

8 (n) Enter into any agreement or contract, execute any
9 instrument, and perform any act or thing necessary or convenient
10 to, directly or indirectly, secure the authority's bonds, the bonds
11 issued by a special purpose trust, or a participating party's
12 obligations to the authority or to a special purpose trust, including,
13 but not limited to, bonds of a participating party purchased by the
14 authority or a special purpose trust for retention or sale, with funds
15 or moneys that are legally available and that are due or payable to
16 the participating party by reason of any grant, allocation,
17 apportionment or appropriation of the state or agencies thereof, to
18 the extent that the Controller shall be the custodian at any time of
19 these funds or moneys, or with funds or moneys that are or will be
20 legally available to the participating party, the authority, or the
21 state or any agencies thereof by reason of any grant, allocation,
22 apportionment, or appropriation of the federal government or
23 agencies thereof; and in the event of written notice that the
24 participating party has not paid or is in default on its obligations
25 to the authority or a special purpose trust, direct the Controller to
26 withhold payment of those funds or moneys from the participating
27 party over which it is or will be custodian and to pay the same to
28 the authority or special purpose trust or their assignee, or direct the
29 state or any agencies thereof to which any grant, allocation,
30 apportionment or appropriation of the federal government or
31 agencies thereof is or will be legally available to pay the same upon
32 receipt by the authority or special purpose trust or their assignee,
33 until the default has been cured and the amounts then due and
34 unpaid have been paid to the authority or special purpose trust or
35 their assignee, or until arrangements satisfactory to the authority
36 or special purpose trust have been made to cure the default.

37 (o) Purchase, with the proceeds of the authority's bonds, bonds
38 issued by, or for the benefit of, any participating party in
39 connection with a project, pursuant to a bond purchase agreement
40 or otherwise. Bonds purchased pursuant to this division may be



1 held by the authority, pledged or assigned by the authority, or sold
2 to public or private purchasers at public or negotiated sale, in
3 whole or in part, separately or together with other bonds issued by
4 the authority, and notwithstanding any other provision of law, may
5 be bought by the authority at private sale.

6 (p) Enter into purchase and sale agreements with all entities,
7 public and private, including state and local government pension
8 funds, with respect to the sale or purchase of bonds.

9 (q) Authorize a special purpose trust or trusts to purchase or
10 retain proceeds of the bonds of a special purpose trust or bonds
11 issued by, or for the benefit of, any participating party in
12 connection with a project or issued by the authority or a special
13 purpose trust, pursuant to a bond purchase agreement or otherwise.
14 Bonds purchased pursuant to this division may be held by a special
15 purpose entity, pledged or assigned by a special purpose entity, or
16 sold to public or private purchasers at public or negotiated sale, in
17 whole or in part, with or without structuring, subordination or
18 credit enhancement, separately or together with other bonds issued
19 by a special purpose trust, and notwithstanding any other provision
20 of law, may be bought by the authority or by a special purpose trust
21 at private sale.

22 3342. The fiscal powers granted to the authority by this
23 division may be exercised without regard or reference to any other
24 department, division, or agency of the state, except the Legislature
25 or as otherwise stated in this division. This division shall be
26 deemed to provide an alternative method of doing the things
27 authorized by this division, and shall be regarded as supplemental
28 and additional to powers conferred by other laws.

29 3343. No member of the board or any person executing bonds
30 of the authority or a special purpose trust pursuant to this division
31 shall be personally liable on the bonds or subject to any personal
32 liability or accountability by reason of the issuance thereof.

33 3344. All expenses incurred in carrying out this division shall
34 be payable solely from funds provided under the authority of this
35 division and no liability or obligation shall be imposed upon the
36 State of California and, none shall be incurred by the authority
37 beyond the extent to which moneys shall have been provided under
38 this division. Under no circumstances shall the authority create
39 any debt, liability, or obligation on the part of the State of



1 California payable from any source whatsoever other than the
2 moneys provided under this division.

3 3345. Bonds issued under this division shall not be deemed to
4 constitute a debt or liability of the state or of any political
5 subdivision thereof, other than the authority, or a pledge of the
6 faith and credit of the state or of any political subdivision, other
7 than the authority, but shall be payable solely from the funds herein
8 provided therefor. All bonds issued under this division shall
9 contain on the face thereof a statement to the following effect:

10 “Neither the faith and credit nor the taxing power of the State
11 of California or any local agency is pledged to the payment of
12 the principal of or interest on this bond.”

13 The issuance of bonds under this division shall not directly or
14 indirectly or contingently obligate the state or any political
15 subdivision thereof to levy or to pledge any form of taxation
16 whatever therefor or to make any appropriation for their payment.
17 Nothing in this section shall prevent nor be construed to prevent
18 the authority from pledging its full faith and credit to the payment
19 of bonds or issue of bonds authorized pursuant to this division.

20

21

Article 5. Generation Facilities

22

23 3350. All generation facilities constructed or improved
24 pursuant to this division shall comply with Chapter 1
25 (commencing with Section 1720) of Part 7 of Division 2 of the
26 Labor Code.

27 3351. All generation-related projects financed pursuant to
28 this division shall provide power to the consumers of this state at
29 just and reasonable rates, as determined by the commission or the
30 governing board of a municipal public utility.

31 3352. The activities of the authority under this division are
32 intended to supplement private sector power generation,
33 consistent with achieving reasonable energy capacity reserves
34 within five years of the effective date of the division.

35 3353. The authority shall have the authority to receive and act
36 on applications for financial assistance from owners of existing
37 powerplants that are 30 years old or older whose owners or
38 operators commit to undertake capacity expansion through facility
39 retrofits, new construction, or both, that will improve the
40 efficiency and environmental performance of generation facilities.



Article 6. Acquisition of Transmission

1
2
3 3360. (a) On January 1, 2002, the authority, in consultation
4 with the commission, shall determine and report to the Legislature,
5 the feasibility of the state acquiring, operating, and maintaining
6 the transmission facilities currently owned by the electrical
7 corporations and local publicly owned electric utilities of the state.
8 The report shall include an economic analysis of that acquisition,
9 describe how the authority would commence the acquisition, and
10 determine whether an acquisition is in the interest of the citizens
11 of the state.

12 (b) Upon determining that state acquisition, operation, and
13 maintenance of the transmission facilities owned by the electrical
14 corporations and local publicly owned electric utilities of the state
15 is in the interest of the citizens of the state, but no sooner than 60
16 days after the date that the report described in subdivision (a) is
17 submitted to the Legislature, the authority may commence the
18 acquisition.

Article 7. Renewable Energy and Conservation

19
20
21
22 3365. (a) The authority may establish programs that provide
23 loans, under terms and conditions approved by the authority, to any
24 participating party, which, in turn, shall use that loan to make
25 financial assistance available to California consumers and
26 businesses for electric and natural gas energy conservation, and for
27 the use of renewable energy resources.

28 (b) The purposes for which loans provided pursuant to
29 subdivision (a) may include, but shall not be limited to, any of the
30 following:

31 (1) The purchase of consumer appliances and home
32 improvements with electric and gas energy efficiency or
33 renewable energy characteristics, as approved by the Energy
34 Commission, the commission, or a participating public utility, as
35 applicable, and certified by the applicable party as having been
36 installed or completed.

37 (2) The purchase or lease of business equipment and facility
38 improvements with electric and gas energy efficiency or
39 renewable energy characteristics, as approved by the Energy
40 Commission, the commission, or a participating public utility, as

[1]



1 applicable, and certified by the applicable party as having been
2 installed or completed.

3 3366. As a condition of receipt of a loan pursuant to Section
4 3365, a participating party shall be required to conduct a
5 comprehensive marketing program that makes consumers aware
6 of the availability of these financial assistance programs.

7
8
9

Article. 8 Natural Gas Plans

10 3368. The commission shall obtain from each natural gas
11 supplier under its jurisdiction, plans regarding the supplier's
12 future investments in natural gas exploration, development, and
13 transportation to meet California's needs at reasonable costs to the
14 consumers, and shall provide these reports to the authority, as
15 prescribed by subdivision (a).

16 (a) Each natural gas supplier shall, within 90 calendar days of
17 the effective date of this division, submit the report required by this
18 section to the commission, and the commission shall forward that
19 report to the authority not later than 10 business days after receipt
20 of the report.

21 (b) The authority, based on these reports and in consultation
22 with the commission, shall develop appropriate strategies for the
23 authority to facilitate a dependable supply of natural gas at
24 reasonable prices to the public. These strategies may include the
25 ability of the authority to finance activities to supplement private
26 sector supplies of natural gas, if it is determined to be in the best
27 interests of the state, using the same powers under this division
28 applicable to supplementing private sector supplies of electricity.

29

30 CHAPTER 4. CALIFORNIA CONSUMER POWER AND CONSERVATION
31 FINANCING AUTHORITY FUND

32

33 3370. (a) There is hereby created in the State Treasury the
34 California Consumer Power and Conservation Financing
35 Authority Fund for expenditure by the authority for the purpose of
36 implementing the objectives and provisions of this division. The
37 authority may establish within the fund additional accounts and
38 subaccounts.



1 (b) The assets of the fund shall be available for the payment of
2 the salaries and other expenses charged against it in accordance
3 with this division.

4 (c) All moneys in the fund, upon appropriation, shall be
5 available for expenditure for the purposes stated in this division.

6 (d) The fund, on behalf of the authority, may borrow or receive
7 moneys from the authority, or from any federal, state, or local
8 agency or private entity, to create reserves in the fund as provided
9 in this division and as authorized by the board.

10

11 CHAPTER 5. BONDS

12

13 3380. (a) The board may so authorize, and the authority may
14 issue bonds, notes or other forms of indebtedness, as authorized by
15 this division, for the purposes provided in this division in the
16 amount of ____ dollars (\$____).

17 (b) Of the amount specified in subdivision (a), ____ dollars
18 (\$____) initially shall be reserved for the programs authorized by
19 Article 7 (commencing with Section 3365) of Chapter 3.

20 (c) Any portion of the initial reserved amount specified in
21 subdivision (b) that is not issued on or prior to January 1, 2004,
22 may be issued for other purposes of the authority, upon approval
23 of the board.

24 3381. Bonds issued by the authority are legal investments for
25 all trust funds, the funds of all insurance companies, banks, both
26 commercial and savings, trust companies, executors,
27 administrators, trustees, and other fiduciaries, for state school
28 funds, pension funds, and for any funds that may be invested in
29 county, school, or municipal bonds.

30 (b) Any and all bonds issued by the authority or special purpose
31 trust, their transfer and the income therefrom, shall at all times be
32 free from taxation of every kind by the state and by all political
33 subdivisions of the state.

34 (c) The issuance of bonds under this division shall not directly
35 or indirectly or contingently obligate the state or any political
36 subdivision thereof to levy or to pledge any form of taxation
37 whatever therefor or to make any appropriation for their payment.

38 (d) The state does hereby pledge to, and agrees with the holders
39 of any bonds issued under this division, and with those parties who
40 may enter into contracts with the authority pursuant to this



1 division, that the state will not limit or alter the rights hereby vested
2 in the authority to finance any project and to fulfill the terms of any
3 loan agreement, lease, or other contract with the authority pursuant
4 to this division, or in any way impair the rights or remedies of the
5 bond holders or of the parties until those bonds, together with the
6 interest thereon, are fully discharged or provision for this
7 discharge has been made and those contracts are fully performed
8 on the part of the authority. The authority, as agent for the state,
9 may include this pledge and undertaking for the state in its
10 obligations and contracts.

11 3382. The authority may request and obtain, upon approval of
12 the Pooled Money Investment Board, a loan from the Pooled
13 Money Investment Account. This loan may be subject to the terms
14 negotiated with the Pooled Money Investment Account,
15 including, but not limited to, a pledge of authority bond proceeds
16 or revenues.

O

